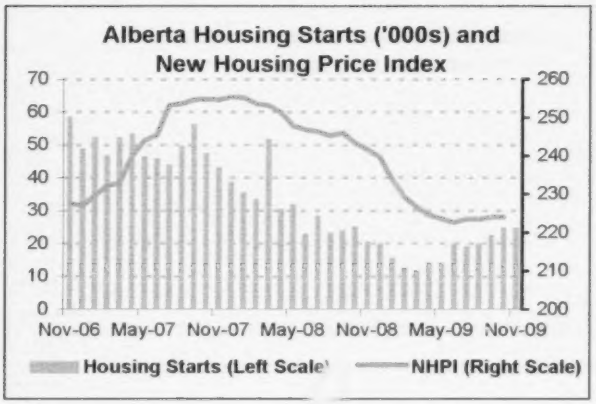
Alberta

Weekly Economic Review December 11, 2009

Housing Starts and New House Prices

Alberta housing starts stabilizing…

New housing starts in Alberta remained essentially flat in November at 24,800 units (seasonally adjusted and annualized). On a year-over-year basis, starts were up 21%, the first increase since September 2007. However, activity in the first 11 months of 2009 was still almost 39% lower compared to the same period last year.



Housing starts in the Edmonton region increased on a year-over-year basis for the fifth consecutive month in November, and were more than three times higher than a year ago. In the Calgary area, housing starts were up 44.7%. Despite the recent turnaround in new housing activity, starts this year trail activity reported in the first ten months of 2008 in both Edmonton (-12.5%) and Calgary (-48.7%).

Prices stabilizing…

New home prices in Alberta remained flat in October, following a slight improvement last month. Although prices are still 7.9% below last year's level, the pace of annual decline has moderated since April. While prices in Edmonton dropped marginally (-0.3%) during the month, Calgary recorded a 0.3% increase. However, compared to last year, prices still remain lower in both Edmonton (-10.1%) and Calgary (-5.6%).

Nationally, new home prices rose 0.3% in October, the fourth consecutive monthly improvement, and are now only 2.1% lower from a year ago.

↓	**Canadian Dollar (US¢/CS)**	
	December 11, 2009	94.47
	December 04, 2009	95.08
	2009-10 YTD	90.25
↓	**WTI Oil US$/bbl**	
	December 10, 2009	$ 70.54
	December 03, 2009	$ 76.46
	2009-10 YTD	$ 67.57
↑	**Nymex Natural Gas CS/MMBtu** *	
	Near-month Contract	
	December 11, 2009	$ 5.59
	December 04, 2009	$ 4.80

*Estimate based on Nymex Futures Market Price

Building Permits

Value of building permits increases sharply…

The value of building permits in Alberta grew 52.2% in October to nearly $1.4 billion. This was the third consecutive monthly increase and reflected growth in the value of building permits for single-family dwellings and in the non-residential sector. Nationally, the value of building permits increased by 18.0% from September, largely due to gains in the value of non-residential permits and in construction intentions for single-family dwellings.

International Merchandise Trade

Deficit turns into surplus in October…

Canada posted a trade surplus with the world of $428 million in October, reinforcing the fact that the global recovery is on its way. Exports rose 3.4%, largely driven by strong gains in energy and industrial goods, while imports decreased 0.8% in October. Canada's trade surplus with the US expanded to $3.4 billion in October, as exports grew 3.6% and imports fell 3.1%, while the trade deficit with countries other than the US was $3.0 billion.

Monetary Policy

Overnight target rate unchanged at 0.25%…

As widely expected, the Bank of Canada maintained its overnight rate target at its effective lower bound, and reiterated its commitment to hold the current policy rate until the end of the second quarter of 2010. The Bank's decision is consistent with the tepid start of the recovery, as the Canadian economy grew by a modest 0.4% in the third quarter of 2009.

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CURRENT ECONOMIC INDICATORS

Overall Economy	2007	2008	2009YTD*	Jun	Jul	Aug	Sep	Oct	Nov
Real GDP (in 2002 $billions)	185.9	185.8	--	--	--	--	--	--	--
% change	2.5	0.0	--	--	--	--	--	--	--
Nominal GDP ($ billions)	256.9	291.3	--	--	--	--	--	--	--
% change	7.7	14.1	--	--	--	--	--	--	--
Population[1] (000's) (level)	3,513	3,596	3,688	--	3,688	--	--	--	--
% change	2.7	2.4	2.6	--	2.6	--	--	--	--
Net Interprovincial Migraton[1] (level)	33,809	15,317	23,006	--	4,737	--	--	--	--
Net International Migration[1] (level)	16,372	20,039	20,074	--	6,089	--	--	--	--
Net Non-permanent Residents[1] (level)	14,105	18,536	19,058	--	2,594	--	--	--	--
Labour Market									
Employment (000's)	1,959	2,013	1,990	1,990	1,986	1,979	1,982	1,967	1,980
% change	4.7	2.8	-1.3	-1.6	-1.6	-1.6	-1.9	-3.4	-2.3
Unemployment Rate (%)	3.5	3.6	6.5	6.8	7.2	7.4	7.1	7.5	7.4
Average Hourly Wage Rate	6.0	5.7	4.6	6.1	4.6	5.9	3.7	3.9	2.5
Average Weekly Earnings[2]	5.8	6.0	3.7	3.4	4.1	1.2	1.3	--	--
Labour Income[3]	10.5	8.7	1.7	1.0	0.3	-1.6	-1.9	--	--
Price Indices									
Consumer Price Index	5.0	3.1	-0.3	-1.6	-1.5	-1.7	-1.1	0.1	--
Excluding food and energy	5.0	2.1	1.5	1.6	1.4	1.3	1.4	1.8	--
Non-Res. Const. Cost Index[4] (quarterly)	17.4	13.2	-9.3	-11.3	--	--	-14.8	--	--
Farm Product Price Index	15.1	11.2	-10.6	-16.6	-16.6	-17.3	-18.8	--	--
Crops	43.4	26.2	-22.9	-29.6	-26.5	-23.6	-20.2	--	--
Livestock	0.6	2.3	0.4	-5.6	-9.8	-15.4	-13.2	--	--
Household Sector									
Housing Starts (SAAR, 000's)	48.1	29.0	18.2	20.0	19.3	20.1	22.6	25.0	24.8
% change NEW!	-2.1	-39.7	-38.8	-12.7	-32.0	-13.7	-6.2	-0.8	21.0
New Housing Price Index	22.5	0.7	-9.4	-9.8	-9.3	-8.9	-8.9	-7.9	--
Edmonton NEW!	32.1	1.0	-11.5	-11.7	-11.1	-11.4	-11.4	-10.1	--
Calgary	16.2	0.6	-7.3	-8.0	-7.3	-6.3	-6.4	-5.6	--
MLS Average Resale Prices	24.3	-1.4	-4.6	-4.6	-2.4	0.2	1.3	2.6	--
Edmonton	34.3	-2.0	-4.5	-3.8	-3.1	-3.3	0.7	0.4	--
Calgary	18.7	-2.9	-6.2	-6.3	-5.2	-0.4	1.1	2.9	--
Retail Sales	9.3	-0.1	-9.8	-7.2	-8.4	-10.1	-8.3	--	--
New Motor Vehicle Sales	3.3	-7.3	-24.4	-22.2	-18.6	-20.6	-15.6	--	--
Business Sector									
Public and Private Investment[5]	9.1	3.6	-17.2	--	--	--	--	--	--
Mining and oil and gas[5]	0.3	-1.4	-28.2	--	--	--	--	--	--
Rigs Drilling	-35.2	-2.1	-49.3	-56.3	-66.2	-62.7	-54.1	-50.9	-35.6
Goods Exports (customs based)	5.3	34.6	-39.2	-36.2	-43.9	-42.6	-40.3	-39.6	--
Energy NEW!	4.4	42.5	-44.1	-39.4	-48.0	-45.1	-42.3	-41.3	--
Agriculture	9.8	32.0	-7.4	1.3	-6.8	-9.3	-23.8	-23.8	--
Total Farm Cash Receipts (quarterly)	11.9	17.2	-6.7	-6.4	--	--	-16.1	--	--
Manufacturing Shipments	1.1	7.0	-23.9	-26.9	-32.8	-25.8	-29.3	--	--
Wholesale Trade	5.0	10.9	-13.0	-11.6	-16.8	-22.5	-20.5	--	--
Building Permits	13.4	-16.5	-24.4	-25.2	-29.8	-7.6	-8.0	70.1	--
Residential NEW!	10.7	-31.5	-22.8	-17.8	-9.5	39.1	40.8	47.2	--
Non-residential	17.1	3.7	-25.8	-31.0	-46.1	-46.9	-46.0	93.7	--

Government of Alberta
Finance and Enterprise

* YTD – year-to-date represents the change since the beginning of the year compared to the same period in the previous year.

[1] Quarterly; annual numbers are presented on a census year basis (July 1 - June 30).2009 YTD population numbers are for the census year of 2009

[2] The average weekly earnings series was extensively revised on March 31, 2009 and is no longer comparable with numbers in previous Bulletins

[3] Total income earning in Alberta including wages and salaries, and supplementary income.

[4] Average of Calgary and Edmonton.

[5] 2009 total based on revised investment intentions, 2008 preliminary actuals, and 2007 actuals; 2009 mining and oil and gas based on initial investment intentions.

Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association) and Rigs Drilling (Canadian Association of Oilwell Drilling Contractors).

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CURRENT ECONOMIC INDICATORS, BY PROVINCE

	Canada	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.
Conference Board Forecast (Autumn 2009)											
Real GDP Growth											
2008 (actuals, Statistics Canada)	***0.4%***	0.5%	0.5%	2.2%	0.0%	1.0%	-0.5%	2.0%	4.2%	**0.0%**	0.0%
2009	***-2.3%***	-3.6%	0.9%	0.4%	0.4%	-1.4%	-2.9%	0.5%	-2.6%	**-2.6%**	-2.0%
2010	***3.0%***	-0.5%	1.8%	1.9%	2.0%	2.4%	3.2%	2.5%	3.7%	**3.0%**	4.2%
Population (As of July 1, 2009)											
Population	**33,739,859**	508,925	140,985	938,183	749,468	7,828,879	13,069,182	1,221,964	1,030,129	**3,687,662**	4,455,207
Annual Growth Rate[a]	***1.2%***	0.5%	1.1%	0.2%	0.3%	1.0%	1.0%	1.3%	1.6%	**2.6%**	1.6%
Net Interprovincial Migration											
2008 Census Year (July 1, 2007 to June 30, 2008)		-528	-291	-1,794	-908	-11,682	-14,750	-3,703	4,171	**15,317**	14,643
2009 Census Year (July 1, 2008 to June 30, 2009)		2,332	-559	-1,255	-537	-10,666	-18,738	-1,541	4,108	**23,006**	4,673
Employment											
Level Change (000s)[b]	**-193.7**	-1.8	1.9	1.8	1.8	-24.9	-97.7	0.9	0.9	**-45.6**	-30.9
Percent Change[b]	***-1.1%***	-0.8%	2.8%	0.4%	0.5%	-0.6%	-1.5%	0.1%	0.2%	**-2.3%**	-1.3%
Unemployment Rate, 2009 avg (SA)	***8.2***	15.5	12.3	9.2	8.9	8.5	9.1	5.1	4.8	**6.5**	7.5
Participation Rate, 2009 avg (SA)	***67.3***	59.2	68.0	64.6	64.7	65.3	67.4	69.4	70.2	**74.4**	65.9
Average Weekly Earnings											
September 2009	**830.68**	802.99	702.59	739.81	763.17	766.41	856.23	783.67	814.56	**959.46**	797.58
Y/Y Percent Increase[c]	***2.0%***	3.8%	6.2%	3.0%	4.0%	3.1%	2.1%	4.3%	2.9%	**1.3%**	-0.2%
2009 Wage Settlements (Jan-Nov)										**2.2%**	
CPI Inflation											
October Annual	**0.1%**	-0.4%	-0.8%	-0.4%	0.5%	0.5%	0.2%	0.1%	0.3%	**0.1%**	-0.6%
Excluding Shelter	**0.7%**	0.3%	0.8%	0.3%	0.9%	0.6%	0.9%	0.3%	0.5%	**1.3%**	0.3%
Housing Starts (000s) NEW!											
SAAR October 2009	**158.5**	3.2	1.0	2.8	3.9	40.4	53.0	4.2	6.1	**24.8**	19.2
Retail Sales											
Percent Change[d]	**-1.5%**	4.3%	3.1%	0.7%	3.2%	1.3%	-0.9%	0.8%	-2.7%	**-8.3%**	-2.9%
2009 YTD Retail Sales Growth	**-4.8%**	1.5%	-1.5%	-1.8%	-1.6%	-2.3%	-4.4%	-2.4%	-3.2%	**-9.8%**	-7.9%
Manufacturing Shipments											
Percent Change[d]	**-17.2%**	-16.7%	-3.4%	-19.8%	-22.7%	-18.6%	-13.3%	-15.8%	-6.5%	**-29.3%**	-18.1%

a. Over the past 12 months
b. November 2009 Y/Y change, unadjusted for seasonal effects
c. Updated to September 2009
d. September 2009 Y/Y change, unadjusted for seasonal effects
SA-Seasonally Adjusted, SAAR-Seasonally Adjusted Annual Rate
Source: Statistics Canada, Canada Mortgage and Housing Corporation and Conference Board of Canada